

DP 10107 - Med Ben - DD Refinancing - The executive proposes a decrease of \$4.0 million general fund and an increase of \$4.0 million federal Medicaid funds over the biennium to support the transition of individuals served in the DD benefit program that is supported only by general fund to services funded with federal Medicaid participation. The request transfers approximately \$3.0 million per year of state-only funded cost plans to cost plans funded with federal Medicaid participation at the FMAP rate.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Some people served in the Developmental Disabilities Program (DDP) have either not applied or have not been eligible for Medicaid in the past for a variety of reasons (see the challenges section below). These people receive services that are primarily financed with general fund. This proposal converts approximately 250 people from services reimbursed with general fund to the Medicaid Waiver. (Approximately 120 people will continue to need services financed by the general fund. The number of people in each category may change, depending on the cost of their individual service plans.) This transition to Medicaid at this point is made possible for some people because of the Medicaid for Workers with Disabilities eligibility passed during the last session, which allows individuals to work and remain on Medicaid.

Goals/Funding: Convert approximately 250 people currently receiving general fund services to the Medicaid Waiver. The goal will be to refinance individual personal support plans with the least negative effect to the life of any individual. The proposal to fund services at the Medicaid FMAP rate creates a reduction to general fund of \$2.01 million each year and increases Medicaid federal revenues by an equal amount.

Performance Measure: The measure of success in meeting the refinancing goal will be the number of plans converted to Medicaid by 7/1/11.

Milestones:

- 12/15/10- Submit ARM changes
- 2/1/11- Submit waiver changes as necessary
- 7/1/11- All identified individuals converted to waiver services

FTE:

No FTE will be added or reduced as a result of refinancing

Challenges/Obstacles/Risks: Several tasks must be done to convert individuals to Medicaid waiver services. First, each individual must be assessed for and found eligible for Medicaid. Examples of challenges and decisions that need to be addressed in assessing which clients should convert to Medicaid funding include:

- Individuals who have received a relatively small amount of general fund service because of other family/community supports may be eligible for a larger array of services financed through the waiver. This could be more costly to the general fund
- Individuals with large spend downs that must be met to become eligible for Medicaid. In some communities access to subsidized housing is unavailable due to large waiting lists and rents are high. A large spend down may create severe hardships such as being unable to afford housing
- Individuals residing in a nursing facility may not be eligible for specialized DD Medicaid waiver services outside of the nursing home due to federal regulations
- Individuals with excess resources, such as property, may not be eligible for Medicaid until the resources are sold and then spent down
- Individuals with trusts may not be eligible for Medicaid until the trust is depleted

Changes to administrative rules and possibly waiver amendments will also be needed.